

# More affordable housing is needed

Ostrava March 14 2018

Sven Bergenstråhle

Researcher

President

International Union of Tenants

[svenbergen@telia.com](mailto:svenbergen@telia.com)

# I will talk about

- Trends in Europe
- Housing differs from any other market
- The need of regulation
- Short-term rentals for tourists
- IUT Position Paper and EU Urban Agenda Housing Partnership
- Housing Partnership Action Plan
- Some statistics from OECD
- IUT Priorities for the European Parliament 2019-2024 – letter to MEP
- The target group of social housing

# Trends

- Increasing amount of people cannot access adequate housing.
- Increasing utility prices, housing costs and housing exclusions especially in profit-oriented and speculative parts of the sector, social segregation, and economic marginalization of low and middle-income groups
- Increasing number of homeless people as well as the number of people on the waiting list for social and public housing.
- Private big multinational actors like **Blackstone Group** and **Vonovia and landlord cartels** have a growing impact on housing markets
- Tax avoidance and evasion by those big mergers by share deals that are exempted from real estate taxes.

# Housing differs from any other market

- Has a unique set of characteristics and is a human right
- We build societies not only houses
- Extremely sensitive for changes in demand
- Has strong impact on the whole economy
- Housing takes the largest share of the household budget - Lower rents/housing costs mean higher consumption of other services and goods.
- The construction of new housing and other infrastructure investments, maintenance and energy-saving investments in homes and workplaces create jobs
- But investing in existing properties to make money on capital appreciation creates no new jobs and makes housing more expensive.

# The need of regulations

- ❖ Regulation is necessary for a well functioning rental market – A balance of interests between landlords and tenants
- ❖ Security of tenure - Control of rent increase for existing tenants and in new leases
- ❖ Free rent setting for new tenancies hamper mobility
- ❖ Housing shortage should not be a reason for increased rents
- ❖ **Deregulation has never resulted in increased construction of rental housing according to several research reports**
- ❖ In regulated rental markets estate owners still can make a profit

# Short-term rentals for tourists

- ❑ Could be a positive alternative in a sharing society for private households
- ❑ But has become big business in every big city attracting tourists - needs regulation
- ❑ Tourists could for a week pay much more than a monthly rent for a similar apartment
- ❑ Profit-driven landlords eager to get rid of tenants - apartments disappear from the ordinary rental market
- ❑ Local commercial services/shops etc. become more directed to only tourists
- ❑ Nourishes a black market

# IUT Position Paper and EU Urban Agenda Housing Partnership

- **IUT Position Paper May 2018** <https://www.iut.nu/policy/> e.g.
  - National rules should be recognized according to the principle of subsidiarity
  - EU-funding, EIB loans, public funding etc. - security of tenure and affordability binding conditions
  - Enough supply of good quality and affordable housing where the jobs are
  - Decision on the scope of social housing and the means to expand the supply of rental housing that even households with low and low to median income households could afford **without interference from the EU-commission.**
  - Influenced EU Urban Agenda Housing Partnership Action plan
- **The Housing Partnership Action plan**  
<https://ec.europa.eu/futurium/en/housing/housing-partnership-final-action-plan>
  - A lot of concrete legislative proposals – I will mention some of them

# EU Urban Agenda Housing Partnership

## Action Plan Recommendations

- **Revision of SGEI state aid decision**
  - Delete the definition of the target group for social housing
  - Reach goals of social mix and cohesion
- **Protection of vulnerable groups**
  - Housing overburden rate > 25% of disposable income (now 40% European Semester, The Pillar of Social Rights and the EU cohesion policy)
- **Anti-speculation**
  - E.g. regulation of short-time apartment rentals to tourists
- **Renovation and energy efficiency**
  - Prevention of renovictions and gentrification with tenant's participation and a gross rent neutrality guarantee.
  - Integrated district-level renovation approaches



# Recommendations (2)

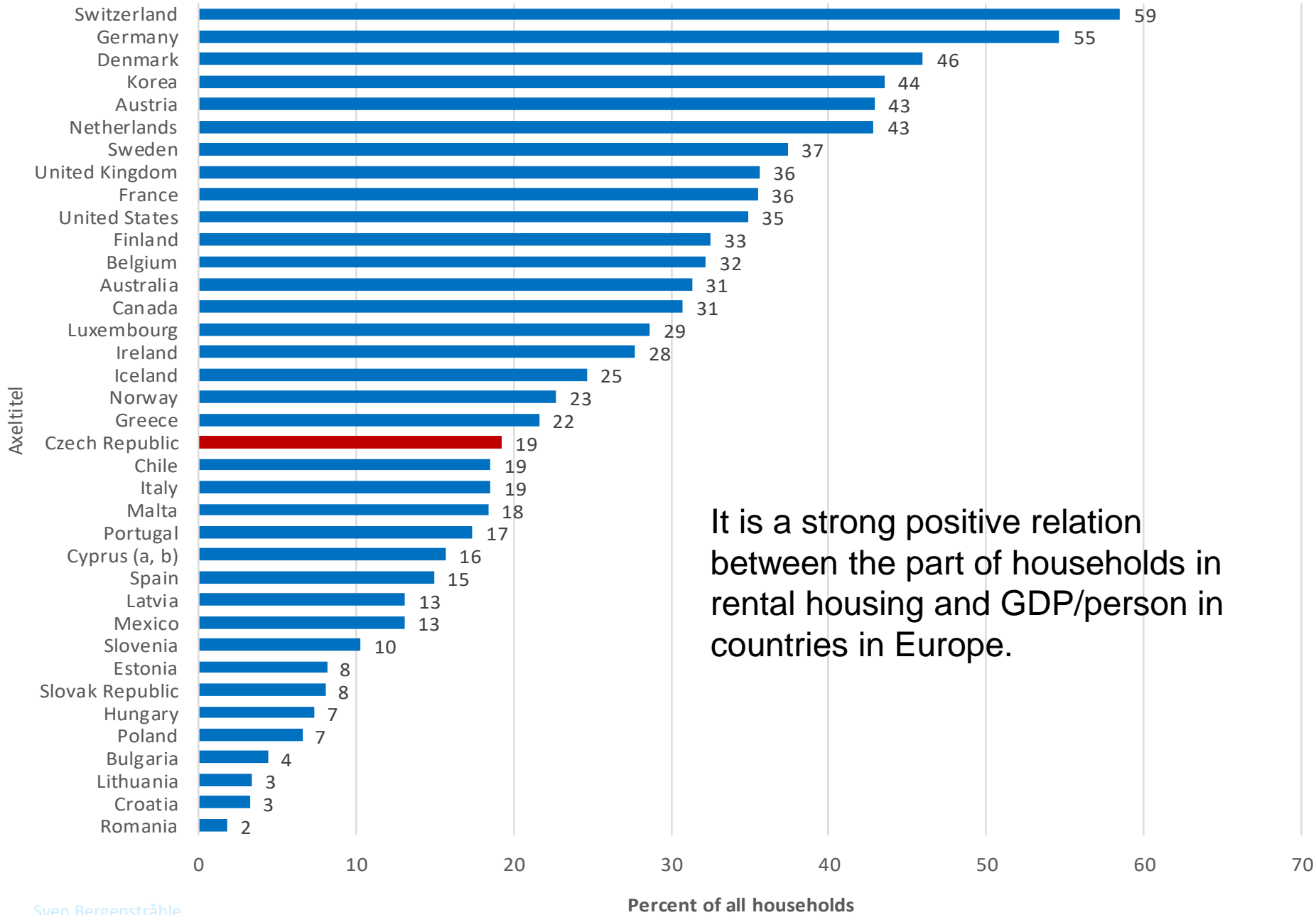
- **Co-ownership, co-management and co-design in housing**
  - Tenant participation
  - Code of conduct for social responsible housing
- **Spatial planning – different models**
  - Earmarking plots as building land for limited periods
  - Tax vacant land/properties –empty for speculative reasons
  - Land value capture
  - Urban development agreements with private land owners
  - Category of ‘subsidised housing’ in zoning law
  - Quota for social/public housing > 30% in cities
- **Land use and land for construction and development**
  - Land development/housing funds for affordable housing
  - National, regional or city-based land fund
  - Leasing models for municipal land an alternative to selling
  - Community land trust to secure building ground for affordable housing

# Recommendations (3)

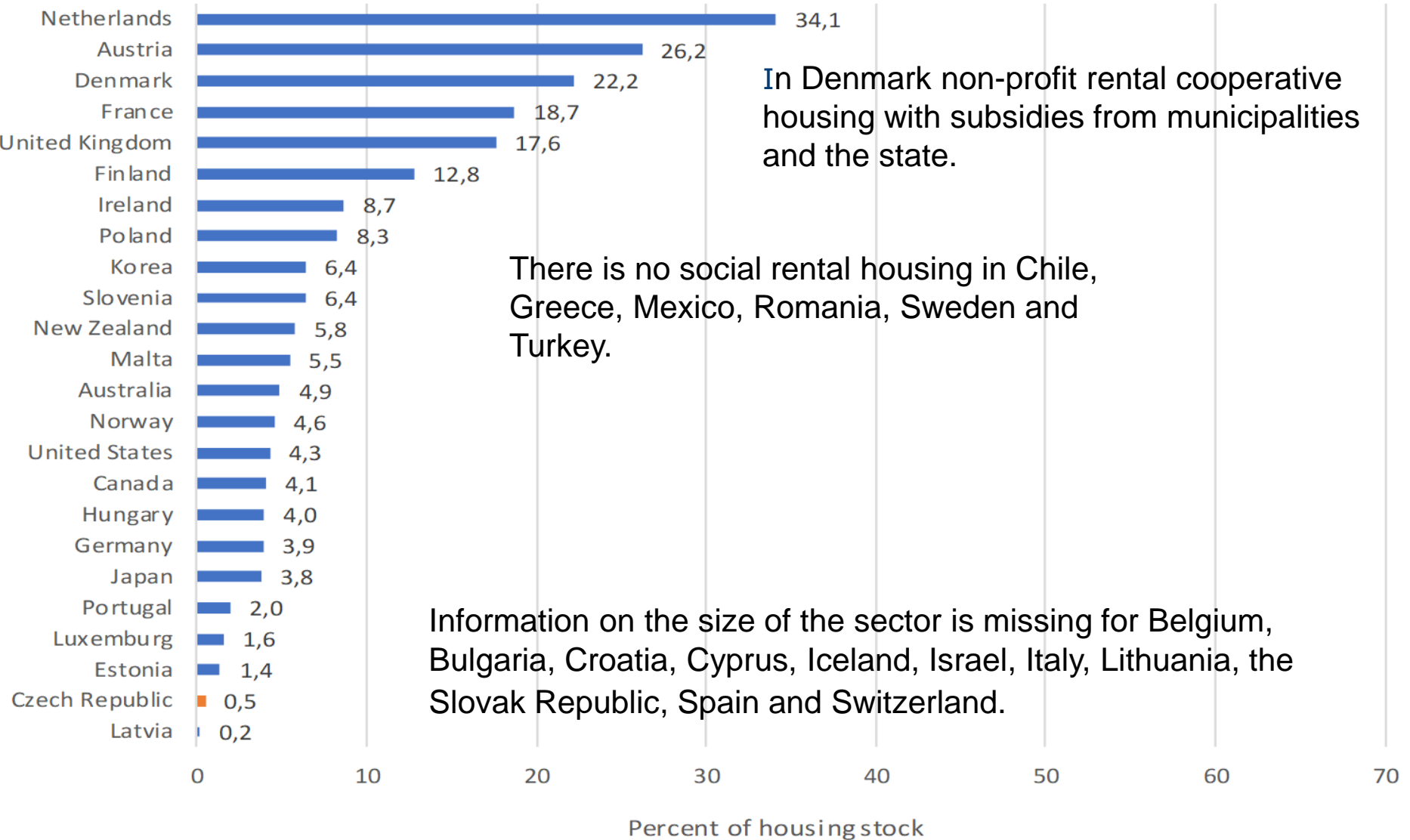
- **Rent stabilization and control**
  - Regulation a national decision – the subsidiarity principle
  - Establishment of local comparable rent systems
  - Size, standard, services offered, location and the condition of the dwelling
- **Security of tenure and the production of new affordable housing**
  - Indefinite, unlimited rental contracts
  - Not-for-profit housing
  - Subsidies with conditions that they are not capitalized to ensure affordable rents

## Part of households in rental housing (OECD)

The figures for Norway has been corrected after contact with Statistics Norway



## Social housing (OECD)



# IUT Priorities for the European Parliament 2019-2024 – letter to MEP

## **Migratory movements increase the need for more affordable housing**

Promoting the provision of affordable housing is not only a social policy imperative, but also a measure to combat xenophobia and nationalism

## **Housing is a fundamental right**

Article 34, the Charter of Fundamental Rights applies to national law and practices

## **Tenure neutral policies are crucial**

The goal of housing policy should be housing for all – not home ownership for all.

## **Housing policy is a national competency**

The scope of social and affordable housing must be a national decision without interference from the EU Commission.

## **Tenants' rights as consumers must be protected**

To many tenants meet a strong resistance to organizing themselves in tenants' associations and demanding collective bargaining rights.

## **Energy efficiency is an important part of good housing conditions**

Costs and burdens related to renovations should be distributed in an equitable manner to counteract differences between social groups.

# The target group of social housing important

- No ghettos with only the most needy - A social mixture is desirable and wise
- The social climate in a housing area effects the health and the future possibilities of households and individuals living there
- Social and affordable housing in areas where the jobs are to counteract unemployment and cater for employers' demand for labour
- The target group for social housing sector should be a national decision without interference from the EU Commission

# That's all

## Thank you for listening!

- **Sven Bergenstråhle**
- **[svenbergen@telia.com](mailto:svenbergen@telia.com)**